

TRANSPORTATION PERFORMANCE AUDIT BOARD

Friday, June 4, 2004
10:00 a.m. – 12:00 Noon
Bellevue City Hall
Council Conference Room
11511 Main Street
Bellevue, Washington

- Minutes -

The meeting was called to order by Vice-Chair Tom Noguchi at approximately 10:05 a.m. Members present were: Ericksen, Hegstrom, Horn, Noguchi, Ostrowski, Perteet, Pyles, and Yates. Members absent were: Haugen, Hurley and Romero.

1. Report of the Chair

- a. Minutes - The minutes of the May 5, 2004 TPAB meeting were approved, with an amendment to add Ann Hegstrom as present.
- b. Treasurer's Report - Diane Schwickerath, LTC Staff, presented the Treasurer's Report.

Vice-Chair Noguchi introduced new Legislative Auditor and TPAB ex-officio member, Cindi Yates. She replaces Tom Sykes who recently retired.

2. Discussion of Proposed TPAB Work Plan

Nate Naismith, LTC staff, reminded members that, at the May 7, 2004 TPAB meeting, LTC Chair Ed Murray (by letter to TPAB Chair Doug Hurley), requested that the TPAB develop a proposed work plan and budget for LTC review and possible approval. LTC's approval of the proposed work plan and associated budget would streamline the process, and reduce the need for the TPAB to seek LTC approval for individual TPAB projects.

Mr. Naismith provided members with a copy of a proposed time line and work plan that he assisted in drafting with Chair Hurley, with input from Vice-Chair Noguchi and staff of the Joint Legislative Audit and Review Committee (JLARC). Mr. Naismith gave a general overview of the work plan which consists of the following:

LTC-Approved Projects

- WSDOT Highways and Ferries Programs Performance Measure Review
- WSP Cost Allocation Study

Proposed JLARC-Administered Performance Audits

- WSDOT Capital Programs - Advance Audit
- Transportation Projects Environmental Permitting - Advance Audit
- Performance Audit(s) Related to Delivery of WSDOT Capital Programs
- Small Performance Audit (WSDOT, WSP, or DOL)

Proposed LTC-Administered Performance Measure Reviews

- Washington State Patrol Performance Measure Review
- Department of Licensing Performance Measure Review

Other

- LTC Staff Cost Reallocation
- Contingency Funding

As part of the discussion of the LTC-Approved Projects, Mr. Naismith provided members with an update on the status of the WSDOT Highways and Ferries

Programs Performance and Outcome Measures Review. The Request for Proposals is out on the street, with proposals due June 11, 2004.

Members discussed the Proposed TPAB Work Plan (and associated budget) and the Proposed Time Line. Troy Pyles suggested that the \$100,000 allocated for Contingency Funding, be increased to \$200,000. He also suggested that the WSDOT, WSP or DOL Audit scheduled to begin January 2005 in the Proposed TPAB Work Plan - Time Line should be delayed until mid-February.

Rep. Ericksen stated his concern that the postponement of the June 16th LTC meeting would delay LTC's discussion and approval of the TPAB work plan. He proposed that LTC staff conduct electronic polling to gain LTC approval of the work plan, and offered to push forward a request to LTC members to make this occur. Senator Horn concurred in the proposal for electronic polling.

Rep. Ericksen moved that the TPAB Work Plan and the Proposed TPAB Work Plan - Time Line be adopted. Mr. Ostrowski seconded the motion.

Mr. Pyles moved an amendment to the TPAB work plan budget to increase the Contingency Funding from \$100,000 to \$200,000 and an amendment to the time line to reflect a mid-February 2005 start date for the small WSDOT, WSP, or DOL audit. Motion carried.

The original motion made by Rep. Ericksen was adopted as amended.

3. State Auditor WSDOT Audit Finding

Senator Horn discussed a letter he received from the Evergreen Freedom Foundation (EFF) regarding a WSDOT financial audit recently completed by the Office of the State Auditor. He clarified that financial audits are done by the State Auditor, an elected official in the executive branch of government, and performance audits are done by the Legislative Auditor, Cindi Yates, reporting as a part of the Joint Legislative Audit and Review Committee. Senator Horn introduced Ms. Yates and described her previous experience on the Ways and Means staff, and more recently in the Department of Corrections.

Senator Horn invited Aubrey Davis, Chair, Transportation Commission, to speak to this issue as he had received an identical letter from the EFF. Ms. Yates distributed copies of his response to that letter. Commissioner Davis indicated that, while the WSDOT is routinely audited by the federal government, the State Auditor, and JLARC, they continue to hear from the public that they need to be audited. With that, the department supports performance audits on a regular basis, which they believe will help with the public/political impressions relative to auditing. He indicated that the Transportation Commission established an Audit Committee several years ago which meets several times a year with the department's internal auditor, and occasionally with the State Auditor, to discuss the audit reports and oversee the response by the department to those audits.

Doug MacDonald, Secretary, Department of Transportation, addressed the implications of the EFF letter and indicated that Commissioner Davis was very clear in his response to them, as to how the Commission and the department views the issues raised, and where the Commission and management of the department stands on the issues raised. Secretary MacDonald gave a general overview of the auditor's findings. He then distributed copies of the department's new "Gray Notebook Lite" publication to members. This is a short, highly summarized version of the existing Gray Notebook and was developed in response to comments that the Gray Notebook contained too much information.

4. Summarization of Decisions/Next Actions

Nate Naismith, LTC staff, summarized actions taken - the TPAB work plan and time line, as amended, were adopted.

The next meeting is scheduled for July 2, 2004. However, since it is a July 4th week, staff will poll the Board members availability and may adjust the next meeting to maximize the member attendance.

The meeting was adjourned at approximately 12:05 p.m.